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**UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA**

MICHAEL RUTH, and OTILDA
LAMONT, Derivatively on Behalf of
CANNAVEST CORP.,

Plaintiffs,

v.

MICHAEL MONA, JR., BART P.
MACKAY, and LARRY RASKIN,

Defendants,

and

CANNAVEST CORP., now known as
CV SCIENCES, INC.

Nominal Defendant.

Case No.: 2:15-cv-00481-RFB-VCF

**STIPULATION AND
[PROPOSED] ORDER
CONCERNING A STAY OF THE
ACTION, AND DISCOVERY**

WHEREAS plaintiffs, Michael Ruth and Otilda Lamont (“Plaintiffs”), brought the above-captioned consolidated action (the “Action”), derivatively on behalf of CannaVest Corp., now known as CV Sciences, Inc. (“CV Sciences” or the “Company”), alleging violations of law and breaches of fiduciary duty against certain of the Company’s current and former officers and directors (collectively with

1 CV Sciences “Defendants”) (Plaintiffs and Defendants are collectively referred to
2 herein as the “Parties”);

3 WHEREAS, by Order dated January 11, 2016, (D.E. 34), Judge Boulware ordered
4 that the current Action shall continue to be stayed pending a resolution of the motion to
5 dismiss in a related action pending in the United States District Court for the Southern
6 District of New York styled as *In re: CannaVest Corp., Securities Litigation*, Case No.
7 14-cv-2900 (hereafter, the “New York Federal Securities Action”);

8 WHEREAS, in the New York Federal Securities Action the lead plaintiff filed a
9 consolidated complaint on September 14, 2015, and Defendants responded with a
10 motion to dismiss on December 11, 2015;

11 WHEREAS, the lead plaintiff in the New York Federal Securities Action served
12 its Opposition to Defendants’ Motion to Dismiss on March 21, 2016;

13 WHEREAS, the Defendants’ motion to dismiss the New York Federal Securities
14 Action was fully briefed, with all papers having been docketed on September 30, 2016;

15 WHEREAS, on March 31, 2018, the Court in the New York Federal Securities
16 Action issued its written opinion denying in part and granting in part the motion to
17 dismiss;

18 WHEREAS, the answer of the remaining defendants in the New York Federal
19 Securities Action was filed on April 30, 2018;

20 WHEREAS, an action was filed by the Securities and Exchange Commission
21 (“SEC”) on June 15, 2017 against CannaVest Corp. and Michael J. Mona, Jr., two
22 defendants in the instant action, in the United States District Court of Nevada, Civil
23 Action No. 2-17-cv-01681 (“SEC Action”);

24 WHEREAS, the SEC Action has been settled pursuant to a Stipulated/Consent
25 Judgment which was granted on June 1, 2018;

26 WHEREAS, a second amended shareholder derivative complaint was filed in this
27 Action on May 30, 2018;

1 WHEREAS, there are no motions presently pending in this Action before this
2 Court;

3 WHEREAS, while Plaintiffs continue to believe the Action has merit
4 independent of and are not dependent on the ultimate outcome of the New York Federal
5 Securities Action, the Parties agree that the discovery taken in the New York Federal
6 Securities Action will be relevant to the Action and that further developments in the
7 New York Federal Securities Action are relevant to the alleged damages in the Action
8 and may help inform the manner in which the Action proceeds;

9 WHEREAS, the Parties have met and conferred concerning the most efficient
10 manner in which to proceed with this Action brought on behalf of CV Sciences; and

11 WHEREAS, the Parties agree that the interests of efficient and effective case
12 management would best be served by (1) temporarily staying the Action and any other
13 related derivative actions in this Court until the close of fact discovery in the New York
14 Federal Securities Action, and (2) sharing all discovery generated in the New York
15 Federal Securities Action with Plaintiffs in the Action;

16 NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED by
17 Plaintiffs and Defendants, through their undersigned counsel of record and subject to
18 approval of the Court, as follows:

19 1. All proceedings in this Action and any related derivative actions in this
20 court shall be stayed until the earlier of (i) the close of fact discovery in the New York
21 Federal Securities Action, or (ii) the deadline for appealing a dismissal of the New York
22 Federal Securities Action with prejudice, but that (iii) any of the Parties to this
23 Stipulation can request that the Court lift the voluntary stay upon good cause shown by
24 giving the other Party a ten (10) day notice that they believe that good cause exists to lift
25 the voluntary stay of the Action and thereafter bringing the matter to the Court's
26 attention and requesting that the stay of the Action be lifted.

27 2. Within thirty (30) days after either the close of fact discovery in the
28 New York Federal Securities Action, or the deadline for appealing a dismissal of

1 the New York Federal Securities Action with prejudice (whichever occurs first), the
2 Parties in this Action will meet and confer in good faith to determine a schedule for the
3 Action going forward and will submit a proposed scheduling stipulation for this Court's
4 review and approval.

5 3. Defendants shall make available to Plaintiffs, subject to entry of an
6 appropriate protective order and the other provisions of this Stipulation: (i) copies of all
7 documents and written responses to discovery requests produced to the New York
8 Federal Securities Action plaintiffs in the form and manner in which such documents are
9 produced to the New York Federal Securities Action plaintiffs; (ii) all written
10 agreements regarding the scope of discovery to be produced by defendants in the New
11 York Federal Securities Action; and (iii) all deposition transcripts generated in the New
12 York Federal Securities Action. This Stipulation is intended to facilitate coordination
13 and to avoid, to the extent practicable, duplicative discovery. Defendants will provide
14 the materials set forth herein to Plaintiffs within ten (10) business days of providing
15 them to the New York Federal Securities Action plaintiffs in the case of (i) and (ii), and
16 within ten (10) business days of receiving the final transcript in the case of (iii).

17 4. Plaintiffs agree that, prior to a finding at the pleadings stage that Plaintiffs
18 have adequately alleged demand futility, documents and information obtained pursuant
19 to this stipulation shall not be used to supplement Plaintiffs' allegations of demand
20 futility absent an order of the Court permitting such use. Plaintiffs agree not to use the
21 existence of this stipulation, the substance of any documents or discovery produced
22 pursuant to this Stipulation, and/or any documents or information obtained or developed
23 as a result of any documents or discovery produced pursuant to this Stipulation as
24 support for any argument that Plaintiffs are otherwise entitled to use the documents to
25 supplement allegations of demand futility.

26 5. Notwithstanding the stipulated stay, Plaintiffs shall be permitted to file an
27 amended complaint during the pendency of the stay, subject to the provisions in
28

1 paragraph 4 above. Defendants shall be under no obligation to respond to any complaint
2 while the stay is in effect.

3 6. If Defendants engage in mediation in the New York Federal Securities
4 Action, Defendants agree to provide Plaintiffs with reasonable advance notice of the
5 mediation and shall invite Plaintiffs to participate in that mediation subject to the
6 consent of the plaintiffs in the New York Federal Securities Action.

7 7. If Defendants provide documents to the New York Federal Securities
8 Action plaintiffs in connection with a mediation or settlement discussions, Defendants
9 agree to provide the same documents to Plaintiffs in this Action on the same terms
10 they are provided to the New York Federal Securities Action plaintiffs, subject to the
11 provisions of paragraph 4 above.

12 8. Counsel for Defendants will notify Plaintiffs' counsel if Defendants are
13 served with any other shareholder derivative actions initiated on behalf of CV Sciences
14 based on the same or a similar set of facts as those alleged in this Action, and Plaintiffs'
15 counsel shall notify Defendants' counsel in the event Plaintiffs' counsel becomes aware
16 of any other shareholder derivative actions initiated on behalf of CV Sciences based on
17 the same or a similar set of facts as those alleged in this Action.

18 9. In the event that any documents are produced to any other CV Sciences
19 shareholder who has filed a shareholder derivative action on behalf of CV Sciences or
20 demanded the inspection of books and records of CV Sciences, based on the same or a
21 similar set of facts as those alleged in this Action, Defendants agree to produce those
22 documents to Plaintiffs.

23 10. The provision of discovery materials pursuant to this Stipulation will
24 not constitute a waiver of, or in any way limit, Defendants' right to file a demurrer,
25 motion to dismiss, or other appropriate challenge, arguing that Plaintiffs fail to
26 adequately plead demand futility or make a pre-suit demand, or Defendants' right to
27 argue that Plaintiffs are not entitled to conduct formal discovery prior to establishing
28 that they have adequately alleged standing.

1 11. By entering into this Stipulation, the Parties do not waive any rights
2 not specifically addressed herein, including the right to pursue and/or oppose formal
3 discovery and/or file any motion any party deems appropriate once this case is no longer
4 temporarily stayed.

5 12. Within thirty (30) days of the expiration of the stay described above,
6 the Parties shall jointly submit to the Court a proposed schedule for further proceedings
7 in this action.

8 **IT IS SO STIPULATED.**

9 DATED this 20th day of June 2018.

10 **MATTHEW L. SHARP, LTD.**

**PROCOPIO, CORY, HARGREAVES
& SAVITCH, LLP**

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12
13 By: /s/Matthew L. Sharp
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By: /s/Sean Sullivan
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19 And

And

20
21 **GAINEY McKENNA &
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27 ***Counsel for Plaintiffs***

Counsel for Defendants

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PROOF OF SERVICE

I am not a party to the above case and am over eighteen years old. On June 20, 2018, I served true and correct copies of the foregoing document, by posting the document electronically to the ECF website of the United States District Court for the District of Nevada, for receipt electronically by the parties listed on the Court’s Service List.

I affirm under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on June 20, 2018, at Reno, Nevada.

/s/ Cristin B. Sharp
An employee of Matthew L. Sharp, Ltd.

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Attorneys for Plaintiffs

[Additional Counsel Listed Below]

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Nominal Defendant.

Case No.: 2:15-cv-00481-RFB-VCF

**~~[PROPOSED]~~ ORDER
GRANTING STIPULATION
CONCERNING A STAY OF THE
ACTION, AND DISCOVERY**

Pursuant to the Parties' Stipulation, IT IS HEREBY ORDERED THAT:

1. All proceedings in this Action and any related derivative actions in this court shall be stayed until the earlier of (i) the close of fact discovery in the New York Federal Securities Action, or (ii) the deadline for appealing a dismissal of the New York Federal Securities Action with prejudice, but that (iii) any of the Parties to this Stipulation can request that the Court lift the voluntary stay upon good cause shown by

1 giving the other Party a ten (10) day notice that they believe that good cause exists to lift
2 the voluntary stay of the Action and thereafter bringing the matter to the Court's
3 attention and requesting that the stay of the Action be lifted.

4 2. Within thirty (30) days after either the close of fact discovery in the New
5 York Federal Securities Action, or the deadline for appealing a dismissal of the New
6 York Federal Securities Action with prejudice (whichever occurs first), the Parties in
7 this Action will meet and confer in good faith to determine a schedule for the Action
8 going forward and will submit a proposed scheduling stipulation for this Court's review
9 and approval.

10 3. Defendants shall make available to Plaintiffs, subject to entry of an
11 appropriate protective order and the other provisions of this Stipulation: (i) copies of all
12 documents and written responses to discovery requests produced to the New York
13 Federal Securities Action plaintiffs in the form and manner in which such documents are
14 produced to the New York Federal Securities Action plaintiffs; (ii) all written
15 agreements regarding the scope of discovery to be produced by defendants in the New
16 York Federal Securities Action; and (iii) all deposition transcripts generated in the New
17 York Federal Securities Action. This Stipulation is intended to facilitate coordination
18 and to avoid, to the extent practicable, duplicative discovery. Defendants will provide
19 the materials set forth herein to Plaintiffs within ten (10) business days of providing
20 them to the New York Federal Securities Action plaintiffs in the case of (i) and (ii), and
21 within ten (10) business days of receiving the final transcript in the case of (iii).

22 4. Plaintiffs agree that, prior to a finding at the pleadings stage that Plaintiffs
23 have adequately alleged demand futility, documents and information obtained pursuant
24 to this stipulation shall not be used to supplement Plaintiffs' allegations of demand
25 futility absent an order of the Court permitting such use. Plaintiffs agree not to use the
26 existence of this stipulation, the substance of any documents or discovery produced
27 pursuant to this Stipulation, and/or any documents or information obtained or developed
28 as a result of any documents or discovery produced pursuant to this Stipulation as

1 support for any argument that Plaintiffs are otherwise entitled to use the documents to
2 supplement allegations of demand futility.

3 5. Notwithstanding the stipulated stay, Plaintiffs shall be permitted to file an
4 amended complaint during the pendency of the stay, subject to the provisions in
5 paragraph 4 above. Defendants shall be under no obligation to respond to any complaint
6 while the stay is in effect.

7 6. If Defendants engage in mediation in the New York Federal Securities
8 Action, Defendants agree to provide Plaintiffs with reasonable advance notice of the
9 mediation and shall invite Plaintiffs to participate in that mediation, subject to the
10 consent of the plaintiffs in the New York Federal Securities Action.

11 7. If Defendants provide documents to the New York Federal Securities
12 Action plaintiffs in connection with a mediation or settlement discussions, Defendants
13 agree to provide the same documents to Plaintiffs in this Action on the same terms they
14 are provided to the New York Federal Securities Action plaintiffs, subject to the
15 provisions of paragraph 4 above.

16 8. Counsel for Defendants will notify Plaintiffs' counsel if Defendants are
17 served with any other shareholder derivative actions initiated on behalf of CV Sciences
18 based on the same or a similar set of facts as those alleged in this Action, and Plaintiffs'
19 counsel shall notify Defendants' counsel in the event Plaintiffs' counsel becomes aware
20 of any other shareholder derivative actions initiated on behalf of CV Sciences based on
21 the same or a similar set of facts as those alleged in this Action.

22 9. In the event that any documents are produced to any other CV Sciences
23 shareholder who has filed a shareholder derivative action on behalf of CV Science, or
24 demanded the inspection of books and records of CV Science, based on the same or a
25 similar set of facts as those alleged in this Action, Defendants agree to produce those
26 documents to Plaintiffs.

27 10. The provision of discovery materials pursuant to this Stipulation will not
28 constitute a waiver of, or in any way limit, Defendants' right to file a demurrer arguing

1 that Plaintiffs fail to adequately plead demand futility or make a pre-suit demand, or
2 Defendants' right to argue that Plaintiffs are not entitled to conduct formal discovery
3 prior to establishing that he adequately alleges standing.

4 11. By entering into this Stipulation, the Parties do not waive any rights not
5 specifically addressed herein, including the right to pursue and/or oppose formal
6 discovery and/or file any motion any party deems appropriate once this case is no longer
7 temporarily stayed.

8 12. Within thirty (30) days of the expiration of the stay described above, the
9 Parties shall jointly submit to the Court a proposed schedule for further proceedings in
10 this action.

11 IT IS SO ORDERED.

12
13 DATED: July 17, 2018



14 RICHARD F. BOULWARE, II
15 UNITED STATES DISTRICT JUDGE
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